

FISCAL NOTE

HB 2636 - SB 3142

January 30, 2008

SUMMARY OF BILL: Increases the franchise and excise tax credit, currently authorized for financial institutions, from 10% to 12.5% of such financial institution's contribution to the Tennessee Rural Opportunity Fund (TROF).

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – \$250,000

Assumptions:

- According to the Department of Revenue, Southeast Community Capital, a not-for-profit community development financial institution that currently operates the TROF, is actively seeking over \$10,000,000 in capital investments.
- 100% of such investments are contributions made by eligible financial institutions.
- The total amount of tax credits authorized under current law is estimated to be \$1,000,000 (\$10,000,000 in investments x current 10% tax credit = \$1,000,000) per year.
- The total amount of tax credits authorized under this bill is estimated to be \$1,250,000 (\$10,000,000 in investments x proposed 12.5% tax credit = \$1,250,000) per year.
- The decrease of state revenue is estimated to be \$250,000 (\$1,250,000 - \$1,000,000 = \$250,000) per year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc